INFORMATION LETTER

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REGULATIONS PLANNED TO RELIEVE WHOLESALE-RETAIL PRICE SQUEEZE

OPA Announces It Will Issue Alternative Pricing Program Early in October

Following meetings during the week between the National Food Industry Advisory Committee and the OPA-WPB Distributor Advisory Committee, the Office of Price Administration released the following statement:

An alternative pricing system to relieve the squeeze on wholesale and retail food distributors and thus return certain items to store shelves that have been missing because of prohibitive replacement costs will be issued early in October, the Office of Price Administration announced September 18.

Consumers may expect to benefit from this action through broader choice of food products at lower-cost stores which have been unable to supply a number of items whose replacement costs in some instances now exceed present ceiling prices.

Outlines of the proposed regulations were explained this week to members of the National Food Industry Advisory Committee and the OPA-WPB Distributor Advisory Committee.

Under the plan, which was first suggested in an OPA announcement August 10, wholesalers and retailers—in pricing the items on which there is a bad squeeze and on which OPA will provide an alternative pricing method—may have their choice of using as ceilings either their current maximums or an adjusted gross margin over delivered costs on different groups of products. On a certain few selected commodities, however, OPA contemplates the use of fixed percentage margins, without the alternative of present ceilings. There will be separate margins for different types of distributors at wholesale and retail.

Wholesalers and retailers of food products were cautioned not to make any changes in their ceiling prices as yet, pending issuance of the official regulations. It probably will take some time after issuance of the orders for distributors to compile their new price lists. Thus, it is likely that the effect of the adjustment will not be reflected on store shelves to the ultimate consumer for some while.

Advance disclosure of the projected OPA action was made last month to permit distributors to contract at once with processors for their coming year's merchandise.

Many consumers unable to secure needed groceries at their customary low-margin suppliers, who reported "out of stock", now will be able to purchase such goods once again. In many instances, despite upward adjustments for some distributors, the housewives returning to their old suppliers may find their food budgets stretching a bit further than was the case in recent months. Thus, the entire small increase in the cost of living index may be offset to a large

(Concluded on page 7228)

N.C.A. Statistics To Be Continued

Collection and publication of statistics on packs, stocks, and shipments of canned foods will be continued by the Association's Division of Statistics as in previous years. The Office of Censorship has advised the Association that it has no objection to the publication of this material.

Following reports from some canners stating that they had been advised to give out no figures regarding their production, etc., the Association consulted the various Government agencies directly concerned, and the question was finally referred to the Office of Censorship. The decision of that Office enables the Division of Statistics to continue its service with the approval of the Government authorities, and likewise assures individual canners that they may give the necessary cooperation in the assembling of the statistics.

AMA ANNOUNCES FISH REQUIREMENTS

Will Take Minimum of Nine Million Cases of Canned Salmon and Sardines

Government requirements of canned salmon, Maine sardines and pilchards from the 1942 pack of these fish were announced September 16 by the Department of Agriculture. Under War Production Board order M-86-b, issued May 26, and reported in the INFORMATION LETTER for May 30, the Agricultural Marketing Administration was designated as the agency to purchase these canned fish requirements of the military forces, for Lend-lease shipments and for other Government distribution.

The salmon canning industry has been notified by AMA that the Government will require at least 60 per cent of each canner's pack of steelhead, sockeye, chinook, red, cohoes, pink and chum. After salmon canners have offered this part of their pack to AMA, it is expected that they will receive releases of 20 per cent of their pack of each of these species for their normal trade outlets. The remaining 20 per cent of their pack will be retained by the canners until it is determined whether or not any part of it will be required by the Government. Otherwise it will be released to the trade.

The total salmon pack this year will be in the neighborhood of 5,700,000 cases according to present estimates.

Salmon packers are requested to offer their product to AMA in one-pound cans, but the Government will accept any can size that a packer finds necessary to use in order to meet the 60 per cent of pack requirements.

Government requirements of Maine sardines have been placed at a minimum of 2,250,000 cases. This will take slightly over two-thirds of the estimated 1942 pack of

3,000,000 cases. The industry received releases of one-third of its pack to August 15 for distribution in normal trade channels. It is expected that these releases will continue as long as it can be foreseen that government requirements will be met.

In the case of pilchards, government requirements have been set at a minimum of 3,325,000 cases from an estimated 1942 pack of four to five million cases. The industry has been notified that the Government wants all of the first part of the pilchard pack this year, and that releases for civilian trade will be made after government requirements have been met.

AMA prices for pilchards have been set at ceiling prices, as announced by the Office of Price Administration, less seven per cent, the estimated sales cost in normal trade.

California Sardine Tonnage and Packs

Estimated figures on tonnage of sardines delivered to California sardine processing plants and cases of canned goods packed during the current season to September 10, inclusive, along with comparison to a year ago, as reported by the California Sardine Products Institute, are as follows:

	Week ending Sept. 10, 1942	Season to— Sept. 10, 1942	Sept. 12, 1941
TONNAGE:	*Tons*	*Tons*	*Tons*
Northern District (San Francisco Bay)	8,573	45,228	38,426
Central District (Monterey)	12,737	59,848	52,003
Southern District (Southern California)	.....	.....	.....
Total	21,310	105,076	90,429
NORTHERN AND CENTRAL DISTRICT PACKS:			
Can Sizes:	*Cases*	*Cases*	*Cases*
1-lb. Oval	76,475	256,159	279,677
1-lb. Tall	56,797	210,900	174,248
¼-lb. Fillet	6,780	24,542	9,717
¼-lb. Round 96's	6,233	14,848	26,056
5-oz. 100's	10,068	35,545	54,008
Miscellaneous	291	7,740	46,819
Total	156,644	549,734	590,525

Ladd Heads OPA's Food Standards Section

Oliver S. Ladd, for many years State Food Commissioner and Chemist of North Dakota, has been named chief of the Food and Drug Section of the newly-created Standards Division of the Office of Price Administration. Establishment of the new division was reported in last week's INFORMATION LETTER. Mr. Ladd, whose home is in Bismarck, is a member of the Council of Foods and Nutrition of the American Medical Association, the Association of Official Agricultural Chemists, American Chemical Society, and American Public Health Association.

The Agricultural and Industrial Machinery Section will be headed by H. Seymour Pringle, on leave from Cornell University, and other sections created in the new division are: Textiles, leather and apparel, consumer durable goods, home furnishings, lumber and building materials, and rubber and rubber products. Sections to handle fuel and petroleum products, chemicals and paints, transportation equipment, paper, paper products and containers, metals and metal products, as well as a commodity testing branch are being organized.

Tin Permitted for Canned Ripe Olives

Ripe olives have been added to the list of products for which tin is permitted, the War Production Board announced September 14. On the recommendation of the Food Requirements Committee, ripe olives were provided for under terms of Amendment 3 to Conservation Order M-81, which permits the use of No. 2½ or larger cans during the 1942-43 packing season, in the amount of 25 per cent of the 1940-41 pack. Not more than half of the permitted pack may be in cans smaller than No. 10. Text of the amendment follows:

Section 1068.1 Conservation Order M-81, as amended June 27, 1942, is hereby amended as follows:

Vegetables in Table II is hereby amended by the addition of the following Item 15:

"Olives, ripe only. No. 2½ cans. For 1942-43 packing season, 25 per cent of 1940-41 pack of ripe olives. Not to exceed 50 per cent of permitted pack may be in cans smaller than No. 10."

Freezing Order on Canned Beef Extended

A 30-day extension of the period in which imported canned beef must be held for possible government purchase under Order M-172 was ordered September 16 by the War Production Board.

Under Order M-172, which was issued June 22, and reported in the INFORMATION LETTER for June 27, all stocks of imported canned beef held by any person, in excess of 5,000 pounds, in any one place, in contiguous places, or in transit to the United States, were required to be set aside and held for the Government for a period of 90 days after reporting to WPB that the beef was on hand. If the beef was not purchased by the Government within that period, the order provided that it could be sold for civilian consumption.

Amendment No. 1 to that order, issued September 16, prevents disposal of the beef in such cases, and freezes stocks for an additional 30-day period.

The extension is intended, according to the WPB press statement, to make sure that government requirements are satisfied. The amount of imported canned beef frozen by the order was approximately 42,000,000 pounds, about in line with preliminary estimates. However, supplies are more scattered than had been expected. Therefore the Government has not had time to purchase all that it needs, which is expected to be the entire amount that meets military specifications.

OPA Corrects Heading on Fruit Price Form

In the printing of Form 3 (for computing ceiling prices), copies of which were recently sent to fruit and berry canners by the Office of Price Administration, an error occurred in the heading over Column 14. The heading of this column should have read "1942—Maximum price per dozen for desired size and grade (Col. 13 times Col. 12)."

OPA has received inquiries from canners regarding this heading, and has requested that the correct heading be called to their attention.

Miscellaneous Construction Needs Provided For

Operators of industrial plants and other substantial buildings were granted permission September 15 by the War Production Board to apply for blanket authorization to cover miscellaneous construction work over a period not to exceed six months.

This makes it possible for both the operators and WPB to avoid handling numerous applications for construction jobs which are necessary in larger buildings, but which, under the former plan, had to receive individual authorization when the cost for all such work reached the limits set in the stop-construction order, L-41.

The plan is for blanket construction authorization only and does not alter the usual procedure for obtaining priorities assistance. However, when such assistance is required, this must be indicated on the blanket application.

Where priorities assistance for items of a single type only is required, applications on Form PD-1A will be accepted. If several different items are required, the applicant must apply on Form PD-200.

WPB Restricts Use of Steel Shipping Drums

The use of new or second-hand steel shipping drums for packing approximately 200 food, chemical and petroleum products after 60 days from September 14 has been prohibited by the War Production Board in Limitation Order L-197.

Effective September 14, the order also prohibits the packing of any product on an additional list of approximately 35 items in a new or used drum manufactured, purchased, or delivered after today. This provision does not prohibit the packing of a product on the second list in drums now owned by the packer.

The order forbids the use by any person of new or used drums for packing products which he has not packed in drums prior to the issuance of the order.

Officials of the Containers Branch said that the order is expected to conserve approximately 100,000 tons of steel annually, and release thousands of drums for essential purposes. Most products barred from the use of steel drums are expected to be shifted to tight cooperage (barrels) and in some cases, to fibre containers and glass containers.

Among the products which may not be packed in steel drums after the 60-day period are fruits or vegetables in brine, borax, Bordeaux mixture, bottle washing compounds, calcium chloride, citric acid, basic copper sulphate, dairy products, cold pack and frozen foods, glace fruits and peels, jellies, jams, preserves, lead arsenate, lime, marmalade, meats, olives, pectin, pickles, sodium chloride, dry starches and adhesives, mixed and unmixed syrup (except chemical syrups and corn syrup), and vinegar.

Among products which cannot be packed in steel drums after September 14, if the drums are not now owned by the packer, are animal, fish and vegetable oils, corn syrup, pyrethrum concentrate, and rotonne.

The restrictions of the order do not apply to persons having less than five drums in use for all purposes, or to drums used for the sale and delivery of commodities to the Army and Navy and certain other designated government agencies.

WPB Surveying Tin Conservation Compliance

The Compliance Branch of the War Production Board announced September 14 that it has initiated a survey of the operations of the principal manufacturing users of tin, to determine their degree of compliance with WPB orders issued to conserve this scarce material for essential war uses. The 280-odd firms whose operations are being checked use approximately 90 per cent of all tin consumed in this country.

Attorney-examiners of the Federal Trade Commission have been designated as representatives of WPB to conduct the field work of the survey.

TO ADJUST APPLE BUTTER PRICES

OPA Announces It Will Authorize Advance At Packer, Wholesale, Retail Levels

Apple butter prices will be adjusted upwards approximately 10 per cent from current maximums at the packer level in a regulation which the Office of Price Administration states will probably be issued shortly.

Action also will be taken under the forthcoming regulation to enable wholesale and retail distributors of apple butter to pass on to the consumer the "permitted increases" allowed the manufacturer, through a new formula method. Similar action was taken in canned and frozen fruits and also will be taken shortly in jams, jellies and preserves, passing on to the ultimate user such raw material and other costs only incurred in packing the 1942 pack over that of 1941.

OPA's announcement on apple butter is made prior to issuance of the actual regulation in a telegram sent on September 15 to manufacturers in order to facilitate their return of offers to the Army prior to the September 30 deadline on 45,000,000 pounds of apple butter—90 per cent of which must be made from fresh apples. This volume will take up virtually the entire capacity of these manufacturers who make the product from fresh apples and represents roughly 45 per cent of total industry capacity. Present apple butter ceilings at the manufacturer sales level are about $1.55 per dozen 38-ounce jars.

Apple costs have increased materially this year over those prevailing in 1941, the OPA press release asserts. This can be laid to two factors: (1) the $6.50 increase in Agriculture's support prices allowed to insure adequate production, and (2) because growing conditions this year have been such that only a limited amount of the particular type apple needed in putting up this commodity will be available. Thus, apple butter packers must use higher grade apples at higher prices to fill Army, Lend-lease and civilian needs.

Therefore, in a manner similar to that for jams, jellies and preserves, apple butter manufacturers will compute their maximum selling prices for the 1942 pack by means of the following formula:

(a) Each manufacturer shall determine the weighted average selling price per dozen or other unit charged on sales of each brand and container type and size of apple butter during September and October, 1941.

(b) To this price shall be added ½-cent per pound of apple butter to cover cost increases other than raw material.

(c) There also shall be added the difference between the weighted average total cost per pound of the raw materials

incorporated in the 1941 pack of apple butter bought or contracted for prior to October 1, 1941, and the similar weighted average total cost of the 1942 pack of apple butter purchased or to be purchased prior to October 1, 1942.

(d) Cost of ingredients to be used in 1942 shall be figured at actual prices paid for such commodities during the above period. However, in no case are such costs to exceed the OPA regulations now in force except that the price of fresh apples is not to top the weighted average price paid in 1941 by more than $8 per ton.

RAISIN AND PRUNE CEILINGS PLANNED

OPA Preparing Order That Will Establish Prices at the Grower Level

Dried prunes and raisins will be placed under price ceilings at the grower level by a regulation to be issued by the Office of Price Administration in about two weeks, it was announced September 16 in a joint statement by OPA and the U. S. Department of Agriculture.

These price curbs—the first to be fixed on any fruit—will be set at the same levels as the buying support prices to growers officially announced by the Department of Agriculture on August 22, 1942. Such prices reflect approximately 110 per cent of parity to the grower.

The grower support prices—which will constitute the ceiling as well as the floor for these commodities—are as follows:

For 3 District California prunes, 6¼ cents per pound basis; Outside California prunes, 6 cents basis; Northwest prunes, ¼ cent per pound less than prices for Outside California prunes of comparable size.

For natural Thompson seedless raisins, $110 per 2,000 pound short ton; Sultanas, $105; Muscats, $110; Golden Bleached Thompson, $132. Raisins are a California-grown product.

"These new prices, which constitute both support and ceiling levels on prunes and raisins, are sufficiently high to encourage maximum production and yet not too high to discourage consumer distribution of that portion of the packs available after military and Lend-lease requirements are filled," Secretary of Agriculture Claude R. Wickard and Price Administrator Leon Henderson said in the joint statement.

Under the recent War Production Board Order M-205, freezing all 1941 and 1942 stocks of dried fruits and raisins (see INFORMATION LETTER for August 15), sales to the domestic trade may be made only after the military and Lend-lease requirements—which are on a tonnage basis—have been filled. Thus, the Government will absorb most of the dried pear, peach and apricot output, a lesser although still major share of the dried prune output, and a still smaller but still principal portion of the raisin pack.

On July 1, coincident with its announcement on canned fruits, OPA initially indicated its prospective action on dried fruits. This plan—amplified on August 19 after extensive consultations with the industry—also provides for a separate regulation lifting the March, 1942, price ceilings on five important dried fruits and raisins at the packer level.

The price regulation at the packer level, official formal release of which is expected shortly, will take in raisins, dried prunes, pears, peaches, apricots and figs. With the exception of raisins and prunes, however, large quantities of the other dried fruits already have left growers' hands and have been marketed. Raisins and prunes currently are just about ready for market and still largely in grower hands. Therefore, the regulation at the grower level will be confined to prunes and raisins.

WPB Makes Appeal for Used Power Trucks

An appeal has been made to owners of used power trucks to take an inventory of such equipment and transmit the results to the War Production Board so that vitally needed equipment can be diverted to war operations. Many used power trucks, it is believed, are lying idle in plants and warehouses, or are not receiving full use from their owners. Owners of such trucks are urged to submit the following information to the Inventory and Requisitioning Branch, WPB, Washington, D. C.:

Company name and address; location of equipment; number available; maker's name and model number; powered by electric battery, gas-electric, or gasoline motor; if battery powered, maker and voltage of battery; load carrying capacity in pounds; year manufactured (if available); condition; repairs and parts required, and type.

Specific information for different types is requested as follows:

No lift platform: Length, width and height of platform.
Lift platform: Length, width and height of platform in low position, height of lift, telescopic or non-telescopic lift.
Fork: Height of lift, center or and control, telescopic or non-telescopic, length of fork.

Crane truck: (Industrial shop type only, but including any electrical model) Capacity in pounds (give radius), length of boom, swivel or stationary, manual or power slew, three or four motor (if electric).

Tractor: Three or four wheel, maximum D.B.P. in pounds.

Dan Gerber Appointed to OPA Branch

The Office of Price Administration has announced the recent appointment of Dan Gerber of the Gerber Products Co., Fremont, Michigan, to the staff of the Grocery Products Branch of the Food Price Division of the Office of Price Administration as a principal business consultant. Mr. Gerber will devote his time in OPA to problems concerning canned, dried, frozen, and dehydrated fruits and vegetables.

Weekly Summary of Purchases By AMA

The Agricultural Marketing Administration has announced during the past week the purchase of the following canned foods in the indicated quantities: Tomatoes, 10,000 cases; tomato paste, 2,700 cases; tomato sauce, 6,337 cases; evaporated milk, 11,800 cases; mackerel, 6,854 cases; pilchards, 239,000 cases; salmon, 297,128 cases (includes two purchase programs); and sardines, 68,500 cases.

Humidity, Temperature Control in Storage Rooms Economical for Corrugated Box Users

Tests and information compiled by the Hinde & Dauch Package Laboratory from a wide range of sources indicate that users of corrugated shipping boxes can effect worthwhile savings by giving attention to humidity and temperature in warehouses used for storage of boxes.

Close control of these factors is not necessary; relative humidities from 35 per cent to 80 per cent and temperature from 20° to 100° Fahrenheit are satisfactory ranges within which normal performance can be expected, it is reported in an article entitled "Watch Humidity and Temperatures" published in the *H. & D. Package Laboratory News*. However, relative humidity below this safety margin drys out corrugated board, leads to cracking and breaking of flaps and reduces the cushioning resilience that is so important for protection. Conversely, excessively high relative humidity makes corrugated board "soft" and likewise impairs its protection effectiveness. Ideal humidities range from 50 per cent to 55 per cent. Extremely high or low temperatures have similar effects.

Most difficulty in maintaining satisfactory temperature and humidity ranges will naturally be experienced in winter time. Even then normal fluctuations and the damage they cause are not likely to be sufficient to warrant any great expense in establishing proper control. Some of these controls are very simple and inexpensive. For example, placing petcocks on steam radiators and allowing steam to escape or "warming up" boxes prior to use by bringing them out of unheated storage the day before. It will pay manufacturers who use corrugated shipping boxes in any sizable quantity to make some provision for regulation of these two variables.

Processed Meats Included in Rationing Directive

Authority to ration meat to consumers and to control the distribution of meat from slaughterhouse to consumer which has been delegated to the Office of Price Administration by the War Production Board, includes processed meats.

This authorization, contained in Supplementary Directive 1-M, is, however, subject to the broad allocation of meat by the Chairman of the Foods Requirements Committee for domestic use, the armed services and other government agencies, export and stockpiling.

Because it will be some time before OPA is ready to ration meat at the consumer level the directive contains a special authorization which will permit OPA to issue an order controlling the general distribution of meat in a manner similar to the control exercised by WPB "M" orders. Issuance of such an order by OPA will be announced shortly.

The authority contained in the directive covers virtually all types of meat and meat products except poultry and game. As used in the directive the term "meat" means the dressed carcasses of cattle, calves, sheep, lambs, and swine and any processed or unprocessed edible part thereof; sausage, scrapple, souse, and other similar products; and trimmings and offal, regardless of how prepared or packaged, but excluding oils, lards and rendering fats, and by-products not used for human consumption.

Announcements of State Convention Plans

The annual convention of the Indiana Canners Association will be held November 19, at Hotel Claypool, Indianapolis, it is announced.

The Wisconsin Canners Association has reconsidered its decision to limit the 1942 convention to one day, and instead has decided to schedule its program for two days—November 9 and 10, at Milwaukee.

The convention of the Association of Pacific Fisheries is scheduled for October 12, at Victoria, B. C., instead of October 13, as erroneously reported in last week's INFORMATION LETTER.

WAR DEVELOPMENTS AFFECTING CANNERS

Price Controls and Other Regulations Imposed on Products Used in Food Packing

During the week a number of governmental regulations were issued by various agencies, affecting products that are used in canning operations. Highlights of some of these are given briefly in the following paragraphs:

Agricultural insecticide and fungicide manufacturers and wholesalers are authorized to bring wholesale and retail ceilings into proper relationship by applying the General Maximum Price Regulation formula to the largest month during the year prior to March 31, 1942, instead of the March, 1942 ceiling.

Farm machinery and equipment rationing authority has been delegated to the Department of Agriculture. Production of new farm machinery and equipment which is vitally needed to carry out the expanded food production program has been curtailed to conserve critical materials. The directive giving USDA authority to ration farm machinery does not apply to repair parts, and excludes automobiles, trucks, tracklaying tractors, equipment ordered by government agencies, and items that do not lend themselves to rationing. Details of the rationing plan are expected soon from USDA.

Folding and set-up box manufacturers were cautioned September 14 by the Containers Branch of the War Production Board that preference ratings for steel stitching wire in packages will not be granted except for the most essential uses. It was pointed out that in many cases, glues and paper corner locks can be substituted for the scarce metal stitches.

Western wooden agricultural containers, produced in Colorado, have been removed from the provisions of Maximum Price Regulation No. 186, and placed under the General Maximum Price Regulation, because of certain differences in material and labor costs.

Machinery Men Decide Against Convention Exhibit

There will be no machinery exhibit at the 1943 annual convention, according to a decision reached by the Board of Directors of the Canning Machinery and Supplies Association at a meeting on September 11. The following action was taken at the meeting:

"It is the sense of the Board of Directors that because of the need of all available manpower, materials and transportation in winning this war and due to the uncertain status of the 1943 convention, it is the judgment of the Board of Directors of the Canning Machinery and Supplies Association that there will not be, under any circumstances, an exhibit."

CONGRESS STUDIES INFLATION CONTROL

Two Committee Measures Seek to Answer Demand for Cost of Living Stabilization

In response to the President's message of September 7 on control of inflation, two bills were introduced in Congress this past week and became the subject of immediate action in a legislative effort to clear Congressional hurdles by the October 1 deadline set by Mr. Roosevelt. The bills are answers to the President's demand for "a law permitting the fixing of price ceilings on farm products at parity prices" and "legislation under which the President would be specifically authorized to stabilize the cost of living." Both bills would give the President authority to regulate wages and salaries by establishing maximum rates, but for the most part, the measures deal with the highly controversial subject of what should be proper price maximums on farm commodities.

While the Senate Banking and Currency Committee concluded two days of rapid hearings on the Brown-Wagner bill (S. J. Res. 161) and began consideration of the subject in executive session, the House Committee limited its action on the Steagall proposal (H. R. 7547) to closed meetings.

The Brown-Wagner proposal would authorize and direct the President to stabilize prices, wages, salaries, and other factors affecting the cost of living on the basis of levels existing on August 15, 1942. In exercising this authority, adjustments to correct "gross inequities" would be permitted. In dealing with agricultural prices, the joint resolution provides that no maximum price shall be established below the parity or comparable price or the highest market price between January 1 and September 15, 1942, whichever is higher. The bill also would prohibit the establishment of a maximum price on "any commodity processed or manufactured in whole or substantial part from any agricultural commodity below a price which will reflect to the producers * * * a price therefore equal to the higher of the prices" specified above. Gross inequities in such maximum prices might be corrected by the establishment of a lower price.

Present wage scales would be maintained under the bill through its provisions that no action shall be taken which is inconsistent with the Wage and Hour law, which is inconsistent with any recommendation or order of any agency of the Federal Government affecting wages or salaries of employees whose cases were pending on September 15 and were undetermined at the time of enactment of the bill, or which is for the purpose of reducing wages or salaries for any particular week below the highest paid between January 1 and September 15, 1942. As in the case of farm prices, gross inequities might be corrected. The bill also would extend the Price Control Act from June 30, 1943 to June 30, 1944.

Price Administrator Leon Henderson led off the Senate hearings at which Secretary of Agriculture Claude R. Wickard and Chairman William Davis of the National War Labor Board also gave their support to the Brown-Wagner bill. Among others who testified were Edward A. O'Neal of the American Farm Bureau Federation, Albert Goss of the National Grange, William Green of the American Federation of Labor, and Van A. Bittner of the Congress of Industrial Organizations.

Administrator Henderson testified that, in addition to the uncontrolled farm prices, "wage increases are also threatening our price ceilings because they are costs and their continued rise inevitably pushes prices higher." His major comment on the bill was a request for an expression of Congressional intent as to the limits under which prices might be adjusted. He indicated fear of possible challenges of administrative actions taken under the "gross inequities" provisions of the measure.

Secretary Wickard's testimony, favoring the 100 per cent of parity provision of the bill, was devoted to a justification of his former position that price ceilings on farm products should not be placed below 110 per cent of parity. In his prepared statement he suggested the further use of subsidies. "For example," he said, "Department of Agriculture support prices for a number of commodities may have to be increased for 1943. The proposal to revise Section 3 (a) (*of the Price Control Act*) will not prevent us from increasing returns to farmers to the levels that are necessary. Under such a program, the Department, or some other government agency may have to absorb some losses in order to preserve ceilings and prevent further increases in the cost of living."

The representatives of the two farm organizations asked that in figuring parity prices the increases in farm labor cost over the base period be added. Mr. Goss forecast a food shortage comparable to the rubber shortage should current farm labor shortages continue. Both witnesses expressed their respective organization's disapproval of subsidies.

The testimony of the labor leaders was in support of the bill, with Mr. Green commenting that he felt the resolution carried out the understandings labor had reached with the President. He suggested that government subsidies be used to correct inequalities. Mr. Bittner recommended that the bill be made effective for a period of two years after the end of the war.

In the course of the Senate Committee's consideration of the Brown-Wagner bill, which was still underway at the time the LETTER went to press, three important and modifying changes were tentatively adopted. To prevent unusual farm price peaks from controlling the establishment of maximum prices, an amendment was placed in the bill providing for adjustments for grade, location, and seasonal differentials. Thus, in determining the highest price during the period January 1 to September 15, 1942, these factors would be considered. Another Committee amendment would authorize loans at 90 per cent of parity. The third important amendment would adopt the National War Labor Board's formula for wage stabilization.

This formula, applied by the Board in the "Little Steel" case, permits an upward maximum wage adjustment of not more than 15 per cent to compensate for living cost advances during the period January 1, 1941 to May 15, 1942. Chairman Davis of the Board testified that there would be no appreciable conflict between the May 15 date adopted by the Board and the August 15 date contained in the bill, since the cost of living index had changed but slightly.

The Steagall bill, under the consideration of the House Banking and Currency Committee, would add to the Price Control Act provisions authorizing the President to establish "generally fair and equitable" maximum prices on agricultural commodities. Such prices, however, not to be lower

than 100 per cent of the parity or comparable price or the highest price "regardless of the purpose for which produced or used" at any time during 1942 up to the date of enactment of the bill. In determining parity or comparable prices H. R. 7547 directs that there be figured all costs of production, "including the cost of labor, with all labor included and the wage rates used for all labor to be the same as the general average of wage rates for hired farm labor." Under the present parity or comparable price formula, labor costs are not included in arriving at the price figure.

Maximum salaries and industrial wages would be established by the bill at rates which "will bring about and maintain a fair and equitable relation between such salaries and industrial wages and the maximum prices for agricultural commodities established under this Act."

An additional provision of the Steagall bill would direct the Secretary of Agriculture, through the Commodity Credit Corporation, to make loans on or purchase agricultural commodities at 100 per cent of the parity or comparable price. This authority would continue for three years after the end of the war and would apply to both basic and nonbasic commodities.

The testimony of the farm organizations' representatives and the provisions of the Steagall bill calling for a revision of the parity formula to take into account farm labor costs provoked the President to address special letters to Chairman Wagner of the Senate Committee and Chairman Steagall of the House Committee. In his letters, the President said he wished to "make clear my unalterable opposition to any recomputation of parity at this time".

Mailing of Truck Certificate Blanks Announced

Mailing of application blanks for certificates of war necessity authorizing continued operation of motor trucks, required by General Order ODT No. 21, will start about September 23, according to an announcement by the Office of Defense Transportation. The requirements of Order No. 21 were published in last week's INFORMATION LETTER. ODT states that the mailing will be completed in ample time for each eligible operator to obtain his certificate before November 15, when the order becomes effective.

As mailing of the blanks is completed in a particular area, ODT explains, announcement of that fact will be made to the local newspapers. Anyone affected by the order, who has not at that time received a blank, will be required to apply to his nearest ODT field office.

Fruits and Vegetables in Cold Storage

Stocks of all varieties of frozen fruits and berries reported in freezers by the Agricultural Marketing Administration on September 1, 1942, totaled 204,692,000 pounds, an increase of 18,689,000 pounds from August 1, 1942. Frozen vegetable holdings were 101,889,000 pounds compared with 89,248,000 pounds a month earlier.

LABOR SUPPLY COMMITTEE IS NAMED

Will Consider Problems That Confront Canners During 1943 Packing Season

A special committee on Labor Supply has been appointed by President Carroll E. Lindsey to consider and take appropiate action upon the problem that will confront the canning industry in its 1943 operations as the result of further drafting of manpower by the Selective Service System.

As reported in the INFORMATION LETTER for July 18, canning has been classified by the War Manpower Commission as an essential activity, but in the absence of directives more clearly defining the application of the Selective Service regulations by local draft boards, the prospect is that key employees in the industry may be called for service in the armed forces to such an extent as to cripple the ability of the industry to produce the canned foods that will be required for the Army, Navy, and Lend-lease purposes.

Members of the committee named by President Lindsey are:

Harold K. Bachelder, Indianapolis, Indiana.
John L. Baxter, Brunswick, Maine.
Harry L. Cannon, Bridgeville, Delaware.
E. C. Christensen, Weslaco, Texas.
Victor H. Elfendahl, Seattle, Washington.
Walter L. Graefe, Griffin, Georgia.
John F. McGovern, LeSueur, Minnesota.
Elvon Musick, San Francisco, California.
E. N, Richmond, San Jose, California.

President Lindsey, as ex-officio member of the committee, will serve as chairman.

New Form Required for Construction Priority

A revised project application form PD-200, which is to be used for obtaining priority assistance and authority to begin construction for most construction items and equipment, is now available for use, the War Production Board announced September 14.

This form must now be used as an application for:

Authority to begin construction pursuant to the provisions of the Stop-Construction Order L-41.

Priority assistance for any project involving new construction, reconstruction, remodeling or conversion.

Priority assistance for equipment when construction is involved. PD-1A applications formerly submitted for such equipment will no longer be accepted. When no construction is involved, however, PD-1A's will continue to be accepted for equipment.

PD-200 applications are available at all WPB field offices, the County War Boards of the Department of Agriculture, field offices of the Federal Housing Authority, field offices of the Army, Navy and Maritime Commission and many financial institutions.

Instructions as to filing the executed PD-200 forms may be obtained at all field offices of WPB.

WITHDRAWAL OF GOVERNMENT FROM CANNED FOOD MARKETS IN 1918-1920

Bureau of Labor Statistics Issues Historical Report On Period Following World War I

In the first of a series of historical studies of conditions in Government and in industry that existed after the Armistice in 1918 and during the period of demobilization and transition from production for military use to manufacture for civilian consumption, the Division of Historical Studies of the Bureau of Labor Statistics deals with canned foods and the withdrawal of the Government from the market in the years 1918-1920. The Government's war time regulation of the canned foods industry and related subjects were reviewed in earlier reports.

The present study will be of particular interest to canners who are now giving thought to the problems that will confront the industry when peace is restored. It is a factual presentation of information derived from both official and non-official sources, and one of its most valuable features is a list of citations to Government documents and other publications that were consulted. Copies of Historical Study No. 51, "Canned Foods, Withdrawal of the Government from the Market 1918-1920," can be obtained upon request to the Bureau of Labor Statistics, Department of Labor, Washington, D. C.

Following is a summary of the study as it appears in the published report, which indicates its character and scope.

The signing of the Armistice on November 11, 1918, found both industry and Government unprepared for peace. The military establishments were planning for a Spring offensive with greatly increased manpower. As plans for the military offensive were developed, the Government's demand for canned foods was steadily increased. Civilian distributors recognized the extent of the military demand and purchased readily in anticipation of market shortages early in 1919. The Armistice came unexpectedly. The Government then found it necessary to terminate military purchases and sell its surpluses.

The policies governing the withdrawal of the Government from the canned foods market were influenced by the uncertainty as to future markets. From November, 1918, to May, 1919, businessmen anticipated severe price recession and transacted little new business. Their fears proved unfounded. Instead, from May, 1919, until mid-1920, canned food sales boomed. Prices generally were rising. It was almost impossible to meet the demand for American goods, both here and abroad. Food costs rose to unprecedented heights and consumers protested vigorously. The Government responded, first to business uncertainty, and later to consumer complaints, by frequent revisions of its policies governing the termination of purchases and the disposal of surpluses.

Within 15 days after the Armistice, the War Department notified the canners that they could sell all of the unpurchased canned foods reserved for military use.

Of the 1918 pack of canned foods, the Government had reserved 45 per cent of the tomatoes, 25 per cent each of peas and corn, virtually all of the tinned meats, and 100 per cent of the salmon pack.

The formal purchase orders for all canned foods used by the military establishments provided that canners guarantee quality. When the 1918 pack of canned salmon came into use, extensive spoilage was discovered. Salmon canners were reminded in June, 1919, of the quality guarantee in the formal purchase orders. After brief conferences, "reclamation" contracts were signed which provided that each canner would repurchase from the Government his 1918 pack. Of all canned foods, only canned salmon was returned to canners in this manner.

Having disposed of canned salmon, the Government still held considerable quantities of other canned foods. The Quartermaster General announced in July, 1919, that the War Department's canned food surpluses were valued at $123,500,000 and consisted of canned meat, $97,500,000; canned vegetables, $23,000,000; and other miscellaneous canned foods, $3,000,000. The Navy's canned food surpluses were valued at between 10 and 12 million dollars. The American Expeditionary Force held supplies abroad but the value of the canned foods supplies is unknown.

War Department policies governing the disposal of the domestic surpluses underwent four revisions. The *first* policy stated by the Quartermaster General in December, 1918, was to withhold surpluses from the market in response to an industry request. This policy was restated in March, 1919, with the explanatory comment that additional canned vegetables in the soldier's ration "will entirely dispose of our stock and eliminate surplus." However, the War Department's supply of canned vegetables proved to be more than adequate for the Army as it demobilized. This policy of withholding supplies was abandoned in June, 1919, when the Government responded to consumer complaints about high prices and determined to sell its surpluses on the open market. By this later date a new agent, the Director of Sales, had been selected to determine surplus sales policies.

The *second* policy was to invite bids on carload lots of canned foods. Commercial establishments, the most active buyers, offered such low prices that the Director of Sales rejected all of the initial bids. Even though acceptable prices were later offered, only a small portion of the surplus was moved. One of the bids came from the Mayor of Baltimore, who offered to resell the canned foods to consumers at cost if the Federal Government would sell to him at cost.

The *third* policy, adapted by the Director of Sales from this Baltimore bid, was to sell canned foods at the invoice cost to the Government in carload lots to any municipality that would resell to consumers at cost. Desirable features in this plan were (1) the recovery of original cost by the Federal Government and (2) the reasonable prices at which consumers could buy the foods. However, the rate of sale was too slow to satisfy the War Department. Furthermore, in July, 1919, the House of Representatives, by resolution, directed that surplus food products be sold directly to consumers.

The *fourth* policy, a response to the House resolution, was to sell case lots of food products via parcel post. This method of sale supplemented the sales to municipalities which continued as long as there were surpluses. Under the parcel post arrangement consumers placed orders with the local postmaster who added postal charges to the published War Department prices. Prices for surplus foods as advertised by the Government were deliberately kept below current prices in the commercial market. This price incentive to purchase surplus canned foods was offset by a restriction of sales to case lots, insistence upon full payment in advance, and unavoidable delays in postal delivery. Parcel post sales found little favor and moved the surplus less rapidly than first expected. Further development of the sales program was needed to stimulate buying.

The *fifth* and last policy was to sell surpluses through retail outlets operated by the Army. Twenty-four Army Retail Stores, as these new outlets were called, were opened in

September, 1919. So popular were these stores that later 53 additional outlets were established, a total of 77. The Army Retail Stores would sell to consumers any retail quantity from a can to a case. Sales were encouraged by keeping prices about 20 per cent below current retail levels. Parcel post sales were replaced with a mail order plan, each store accepting orders at regular prices and delivering by mail without extra charge. Surpluses were quickly depleted through Army Retail Store sales, and by April, 1920, the stores were being closed.

The entire stocks remaining on the shelves of some Army Retail Stores were auctioned to buyers in small lots. Those supplies which could not be auctioned from the closed stores were accumulated at the regular Quartermaster Depots, and again offered for bids. Syndicates of wholesalers or brokers purchased in one lot the remaining surpluses of most commodities. A few of these remainders were sold for export, and a few others were designated as Army reserve stock.

Food supplies of the A. E. F. were stored primarily in France. They were sold extensively for relief purposes, particularly for those civilians in the new states carved from Germany and the old Austro-Hungarian Empire. Commercial establishments were allowed to bid for a few foods. This was not a popular move since the foreign governments, which had allowed these goods to enter duty free, now saw them competing with their own products. The remainder, and by far the greatest portion, was included in the "bulk sale" of July, 1919, by which the French Government acquired all of the American material in France.

During the period November, 1918–May, 1919, the Government's domestic purchase and sale policies were intended to offset the general business uncertainty. The administration of these policies fell short of that intention. Civilian buying of canned foods continued inactive and canners' plans for the 1919 pack were correspondingly delayed. Active trading finally began in May after market analysis gloomily forecast a short pack and distributors were convinced of the need to protect themselves by contracting for supplies.

After May, 1919, Government sale policies were directed toward lowering the cost of food to consumers. These policies were successful only in so far as they dealt with Army supplies. The Government's determination in June, 1919, to sell its surpluses came too late to change the plans which the canning industry had finally completed in May. Canners' costs for the coming pack were largely determined by the industry's plans. An active export demand late in 1919 furnished canners a market where they could name the price. Consequently, canners did not lower their prices to the level of those prevailing in Army Retail Stores. Similarly, wholesalers and retailers found it possible to finance their holdings without reducing prices in spite of large inventories. By the summer of 1920, industry prices dominated the retail market.

The successful sale by the industry of an unexpectedly large 1919 pack, in spite of the marketing of Government surpluses, led the industry to more ambitious plans for 1920. If canners had been analytical in their approach to the coming pack, they might have foreseen disaster. Consumers were known to have purchased very heavily during late 1919; retailers and wholesalers were known to be well stocked; and export demand was known to be declining. A light demand was probable for 1920-21 and a small pack was in order. But the industry canned more food in 1920 than in 1919. Demand was insufficient in the fall of 1920 to absorb the new pack. Prices fell. In 1921 the industry entered a depression from which many canners never recovered.

The withdrawal of the Government from the market for canned foods must be considered both from the position of the Government and from that of the industry. Following the Armistice, the military establishments were confronted with the problem of disposal of great quantities of canned foods in the face of a rapid decline in requirements. On the other hand, when the Government was no longer the best customer in the canned foods market, this industry, like all of the war industries, suffered from the results of over-expansion and the inevitable inflationary consequences. The detailed discussion has been developed with both of these considerations in mind.

SUGAR RATIONING ORDER IS AMENDED

Replacement of Amounts Used for Army Post Goods Is Allowed; Marketing Zones Changed

Two amendments to Rationing Order No. 3 (Sugar) were issued during the week by the Office of Price Administration. Amendment No. 11, which became effective September 19, authorizes the Army Exchange Service of the War Department to issue sugar purchase certificates to replace sugar used in products that are delivered to Army posts. Amendment No. 13 authorizes the Director of OPA's Food Rationing Division to establish and change the boundaries of marketing zones, prohibits the movement of sugar from one zone to another, thus eliminating uneconomic cross-hauling of sugar between zones, and prohibits deliveries of sugar to primary distributors on orders or contracts calling for delivery more than three days after they are received or made.

Applicants requesting replacement of sugar used in products for Army posts should communicate directly with the exchange officer at the post where the products were delivered, who can furnish further details about the replacement, OPA advises.

To allow for such replacement, OPA periodically will reserve an amount of sugar for the Army Exchange Service. This amount will depend on the Service's requirements and the prevailing sugar supply situation.

The section of Amendment 11 containing the replacement authorization is as follows:

§ 1407.185 *Products containing sugar delivered to post exchanges.* (a) The Army Exchange Service of the United States War Department is authorized to issue certificates to replace sugar in products delivered to its post exchanges on or after July 15, 1942. Each certificate shall be issued in the name of, and shall authorize delivery of sugar to, a registering unit which used sugar in the production, manufacture, or processing of the products thus delivered or of materials used therein. The weight value of certificates thus issued to a registering unit shall not exceed the amount of sugar used by such registering unit in such products or materials. (b) The total weight value of certificates issued pursuant to this section in any period specified by the Office of Price Administration shall not exceed the amount allocated for such purpose by the Office of Price Administration for such period.

Simultaneously with the announcement of the amendment permitting the Director of the Food Rationing Division to establish delivery zones, effective September 16, the boundaries of the first zones established were announced. These

zones, defined principally in terms of freight costs from the various refining centers, are roughly as follows:

Zone 1. Eastern Massachusetts and Rhode Island.

Zone 2. Connecticut, southeastern New York and northern New Jersey.

Zone 3. Eastern Pennsylvania, southern New Jersey and Delaware.

Zone 4. All of Maryland, except two western counties, the two most eastern counties in West Virginia, eastern Virginia, and the District of Columbia.

Zone 5. The eastern part of Georgia and the southern part of South Carolina.

Zone 6. North Carolina, those parts of South Carolina and Georgia not included in Zone 5, and Florida east of the Appalachicola River.

Zone 7. Arkansas, Louisiana, Mississippi, Alabama, and Florida west of the Appalachicola River.

Zone 8. The eastern and southeastern parts of Texas.

Zone 9. The remaining part of the Continental United States.

Under the order, the surplus producers in Zone 9 are permitted to distribute in Zones 1 and 8, as well as in Zone 9. Primary distributors in other zones may distribute only within their own zone.

The prohibition of deliveries of sugar under contracts calling for future delivery is necessary, it was stated, to give the OPA greater control over the distribution of supplies. Future delivery contracts would be obstacles to quick expanding or contracting of zones. The continued existence of these contracts would place the contract holders in the favorable position of having their supply position guaranteed, whereas other buyers might be unable to get adequate supplies at all times. It was also pointed out that the sugar tied up under contracts for future delivery is not sugar immediately available for distribution to deficit areas at OPA direction, creating the danger that there would be no sugar available to move into areas where acute shortages had developed.

Army Invites Cranberry Sauce, Jam, Marmalade

The Jersey City Quartermaster has invited bids on a variety of pure fruit jams, orange marmalade, and strained or whole cranberry sauce. Bids will be opened October 1.

The invitation calls for 100,000 dozen 2-pound jars, of each of the following varieties of jams: Apricot, blackberry, grape, peach, plum, and cherry; 100,000 dozen 2-pound jars of orange marmalade; and 50,000 dozen 2-pound jars of cranberry sauce.

REGULATIONS TO RELIEVE PRICE SQUEEZE

(Concluded from page 7219)

extent by making available needed food supplies in all communities, some of which now do not have such items available through low-margin operations.

Breakdown of the margins to be allowed will reveal, in most cases, different percentages for each class of wholesaler and retailer. Exact percentage margins have not been definitely decided upon. Present OPA ideas outlined to the food advisory committees are tentative and possibly subject to some revision prior to final draft of the regulation.

Albert Morrill, Head of Kroger, Dies

Albert H. Morrell, 57, president of the Kroger Grocery & Baking Company since 1930, died suddenly September 13 at his home near Cincinnati. Mr. Morrill had been in apparent good health and worked at his office the day before his death. He had been general counsel for the firm before he became its president. Mr. Morrill was a grandson of William Holmes McGuffey, author of the famous *McGuffey Reader*.

John F. McGowan, Banker, Dies at 41

John F. McGowan, assistant vice president of the Harris Trust and Savings Bank, Chicago, died at his home there, September 13, at the age of 41. Mr. McGowan, whose bank wrote considerable cannery financing, was well known to many canners. He made an address to the Association's Board of Directors at its meeting at the January, 1941, convention.

Firms Admitted to Membership in the Association

The following firms have been admitted to membership in the Association since July 11, 1942:

Atlanta Canning Company, Atlanta, Indiana.
Bay Shore Canning Co., Alviso, California.
California Fruit Processors, Inc., Fullerton, California.
Cedar Falls Canning Co., Cedar Falls, Iowa.
Christensen Products Co., Weslaco, Texas.
Downey Canning Co., El Paso, Texas.
Frank Farnsworth Fruit Farm, Waterville, Ohio.
Green River Cooperative Canning Co., Calhoun, Kentucky.
E. S. Herrick, Brooksville, Maine.
Morris Muscatel & Sons, Seattle, Washington.
North Atlantic Packing Co., Bangor, Maine.
Pyramid Salmon Co. Inc., Seattle, Washington.
Reedsport Packing Company, Reedsport, Oregon.
San Martin Canning Co., San Martin, California.
H. J. Sontag Dayville Cannery, Valdez, Alaska.
Stevens Canning Co., Ogden Utah.
L. G. Wingard Company, Seattle, Washington.

Wholesalers' Fruit Price Form Simplified

The form by which wholesalers must notify retailers of the "permitted increase" on canned fruits and berries has been simplified, the Office of Price Administration announced September 17.

Although the new Amendment No. 1 to Maximum Price Regulation No. 197 (Canned Fruits and Canned Berries at Wholesale and Retail), effective September 23, 1942, requires the wholesaler to file with OPA the same information as originally asked, the wholesaler now has a 30-day period after determining a maximum price in which to file. Previously, this information had to be filed within 10 days.

Information which the wholesaler now must provide his retailer customer includes the following:

1. Description of item.

2. Specific amount that the retailer may add to his March ceiling.